

## REMARKS

Claims 21-33 are still pending in this application. Applicant has amended claims 21-27, 29 and 31-33. Applicant submits that no new matter is added and that the amendment was made in a genuine attempt to address the Examiner's concerns and to place the application in a better condition for allowance or for appeal. It is believed that these amendments do not raise new issues that would require a new search to be conducted. As such, Applicant respectfully requests that these amendments be entered.

The Examiner has finally rejected claims 21-33 under 35 U.S.C. § 102 as being anticipated by Sugimoto (US Patent No. 4803349). Applicant respectfully traverses the rejection to the extent that the rejection applies to the claims as amended.

The present invention as claimed in claim 21 concerns a magnetic card transaction device that prevents a magnetic head that has been illegally installed outside of a card slot from reading a card without authorization when the card is being inserted into the device and removed. The present invention is explained, by way of example, with reference to FIG. 1 and 5. According to the invention, the card transaction device monitors the output of a detector such as a magnetic head to detect two conditions. The first condition is detected when the magnetic card is inserted.

The second condition is detected when the output of the detector is reduced to substantially zero or is lowered. The second condition is based on *slowing down of the magnetic card*. As discussed in the specification at page 8, lines 14-23, by "monitoring the output" of the detector, the control circuit detects decreasing output which indicates that the "magnetic card 6 starts to stop" (page 8, lines 14-18). In other words, the control circuit in conjunction with the detector can sense the change in speed of the moving magnetic card, not just whether the card is in motion or not. To make this feature clearer, Applicant has amended claim 1 to recite ". . . output of the detector is reduced to substantially zero or is lowered which is indicative of slowing down of the magnetic card".

Moreover, unlike the detector of Sugimoto which is located inside the transferring mechanism, the detector according to claim 21 is positioned before the transferring mechanism. In the Response to Arguments at page 5, first full paragraph, the Examiner stated that "claim 21 does not clearly recite where the detector is positioned". To make this feature clearer and to address the Examiner's concern, Applicant has amended claim

21 to read “a detector disposed between the card slot and the card transferring mechanism”. Accordingly, Applicant respectfully requests the Examiner to withdraw the 102 rejection against claim 21.

For Claim 23, in the Response to Arguments at page 5, second full paragraph, the Examiner stated that Sugimoto detects whether the card comes in contact with the shutter because “the detection of the presence is indeed a form of contact with the shutter since communication is made between the shutter and the card”. Applicant respectfully disagrees. Applicant submits that in Sugimoto, detection of the card presence by sensor 3 relates to whether the card tip is inside the main body of the card read/write device 1. The detection has nothing to do with the shutter. In other words, the Sugimoto device never knows whether the card tip is in contact with the shutter. Indeed, the sensor 3 in Sugimoto is called an “inlet sensor” to signify that all it detects is whether the card tip is inside the read/write device 1.

Nevertheless, to address the Examiner’s concern, Applicant has amended claim 23 to read “after the shutter detects through the detector output that the movement of the magnetic card is restricted by the shutter”. Applicant submits that Sugimoto neither teaches nor suggests a shutter controller that detects restriction of the card movement by the shutter.

Regarding claim 27, in the Response to Arguments at page 5, second full paragraph, the Examiner stated that sensor 5 of Sugimoto “is indeed detecting the arrival of the card [at the card transferring mechanism] since the card is eventually getting to the sensor”. Applicant respectfully disagrees. When the card tip has gotten to the sensor 5, the card is still positioned far away from the card transferring mechanism (rollers). Nevertheless, solely to advance the prosecution, Applicant has amended claim 27 to read “after the drive control circuit detects through an output of the detector that the magnetic card arrives at the card transferring mechanism **and that the magnetic card is stopped at the card transferring mechanism**”. Applicant submits that Sugimoto neither teaches nor suggests a drive control circuit that detects that the magnetic card is stopped at the card transferring mechanism.

Regarding claim 29, similar to claim 27, Applicant has amended the claim to read “a drive control circuit operable to detect . . . a first condition . . . **such that the magnetic card is stopped by the card transferring mechanism or by the shutter**”. Similar to

claim 27, Applicant submits that Sugimoto neither teaches nor suggests a drive control circuit that detects that the magnetic card is stopped by the card transferring mechanism or by the shutter.

Dependent claims 22, 24-26, 28 and 30-33 are also patentable by virtue of their dependency from independent claims 21, 23, 27 and 29.

Based upon the above amendments and remarks, applicants respectfully request reconsideration of this application and its early allowance. Should the Examiner feel that a telephone conference with applicants' attorney would expedite prosecution of this application, the Examiner is urged to contact him at the number indicated below.

Respectfully submitted,

*Harry A. LeDonne* (Reg. No. 40,283)  
For Eugene LeDonne  
Reg. No. 35,930

REED SMITH LLP  
599 Lexington Avenue  
29<sup>th</sup> Floor  
New York, NY 10022-7650  
Telephone No.: (212) 521-5402  
Facsimile No.: (212) 521-5450

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